Introduction: Measuring Practice Health

Today, we're talking about the numbers that reveal whether your practice is actually healthy. Not just productive, not just active, but resilient, stable, and built to last.

Most practices track numbers. The problem isn't a lack of data. the problem is that many of the most commonly tracked metrics create false confidence.

They tell you what's happening, But not whether what is happening is good, bad, or even sustainable. Welcome to Medical Money Matters, the podcast where you can find experts, answers, and resources so that you achieve mastery over the financial and business aspects of your practice.

Hello, everyone. I'm your host, Jill Irina. I began my career in accounting and finance and I have more than 30 years of experience running medical groups.

I own and operate a national healthcare consulting and revenue cycle company and am the author of Physician Heal Thy Financial Self. In 2020, I co-founded the Physician Leadership Project, and in 2025 I released Physicians Edge, the first of its kind CME accredited online business education for physicians.

My passion is to increase financial and business literacy for Physicians. Episode 170, From Busy to Sustainable. The numbers that reveal whether your practice is actually healthy.

Why Busy Practices Can Still Be Fragile

Busy is one of the most dangerous words in medicine. It sounds positive, reassuring even. When a practice is busy, it feels productive. Schedules are full.

Phones are ringing. The waiting room is packed. From the outside, and often from the inside, It looks like success. But over the years, we've seen something very different play out behind the scenes.

Some of the busiest practices we work with are also the most fragile. Margins are thin. Physicians are exhausted. Cash flow feels unpredictable. Decision making becomes reactive.

And despite all that activity, there's a quiet sense that the practice isn't as healthy as it should be. That's because busyness is not the same thing as sustainability.

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Most practices track numbers. The problem isn't a lack of data. the problem is that many of the most commonly tracked metrics create false confidence.

They tell you what's happening, But not whether what is happening is good, bad, or even sustainable. Let's start there. Total visits is one of the most popular metrics in medicine.

Practices celebrate growth in visit counts. Leaders talk about record months. But visits alone don't tell you whether those encounters are profitable, appropriately staffed, or creating long-term strain.

If you're losing money on every visit, you can't make that up in volume. Gross charges are another favorite. They look impressive on paper, but they're largely theoretical.

Vanity Metrics That Create False Confidence

Charges don't tell you what you'll collect, when you will collect it, or how much it costs you to actually generate them. Total collections can be misleading as well.

Collections may be up simply because volume is up, even if margins are shrinking. You can collect more money and still be worse off financially. Full schedules and long wait lists are often treated as proof of success.

In reality, they can just as easily signal access problems, inefficient scheduling, or provider overutilization. Headcount growth is another one. Hiring feels like progress.

It feels investment. But growing staff without understanding productivity often increases complexity and cost faster than it increases capacity. In short, these are all vanity metrics.

They describe motion, not health. The tell you the practice is busy, but they don't tell whether it's stable or sustainable. Healthy medical practices track different numbers.

They focus on metrics that explain why performance changes and what happens next if nothing changes. These are insight metrics. The don't just report the past, they signal the future.

One of the most important is contribution margin per provider. This metric looks at what a provider generates after variable costs are accounted for. It's not just about revenue, it's about what's left to support overhead and profit.

Why does this matter? Because growth that doesn't improve contribution margin isn't really growth. It's just scale without benefit. Practices often miss this metric because it requires clean cost allocation.

it's easier to look at total profit than to understand where that profit actually comes from. But when contribution margin per provider starts to decline, it's an early warning sign that something in the model is off.

Visit mix, coding, staffing, or payer balance. Another critical insight metric is overhead percentage, but only when viewed in context. Overhead benchmarks are often misused.

Practices here that overhead should be a certain percentage and try to force themselves into that range without understanding their own structure. Others ignore overhead entirely because revenue is growing.

The real question isn't whether overhead is good or bad, it's whether it is sustainable.

Insight Metrics for Sustainable Performance

High overhead reduces flexibility. It makes practices more vulnerable to volume changes, payer shifts, or staffing disruptions. Growth can temporarily hide overhead problems, but eventually those costs catch up.

Healthy medical practices understand not just what their overheads is today, Provider capacity utilization is another signal that separates busy from healthy.

Many practices assume provider utilization as strong because schedules look full. But as we've said in recent episodes, full schedules don't always mean efficient schedules.

No shows, poor templating, mismatched visit types, and administrative burden all reduce true utilization. This metric matters because provider time is one of the most expensive resources in a practice.

Underutilized time quietly erodes margin. Overutilize time leads to burnout, turnover, and quality issues. The sweet spot is sustainable utilization, where providers are productive without being depleted.

Practices often miss this signal because it requires looking beyond appointment counts and into how time it is actually used. Staffing cost per visit is another powerful indicator.

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You can find that and more about how we support practices like yours at healtheps.com. That's www.healtheps dot com. And don't forget to follow or subscribe so you never miss a new episode.

Labor is the largest controllable expense for most practices, yet staffing decisions are often emotional or historical. Teams grow during busy periods, but rarely shrink when workflows improve or volume dips.

By normalizing staffing costs to visits, practices can see whether labor expense is growing faster than demand. When staffing cost per visit rises, profitability suffers, even if revenue is increasing.

This metric is missed because headcount is easy to track, but productivity by role is harder. Healthy medical practices do the harder work because it gives them control.

One of the most underappreciated insight metrics is RVUs per visit. RVU's are often thought of as a hospital concept, but they're incredibly valuable in private practice when used correctly.

RVUs, per-visit, measure the clinical and coding intensity of each encounter. This metric answers an important question. Does your documentation and coating reflect the work being performed and the things being considered for your patients?

When RVUs per visit decline over time, it often signals undercoding, rushed documentation, or changes in visit complexity that aren't being recognized.

Cash Flow, Resilience, and Practice Stability

When the RVU per visits are stable or improving, practices are more likely capturing appropriate revenue without increasing volume. Many practices overlook this because they focus on total RVUs or total visits, not the relationship between the two.

RVU's can also feel abstract if they're not tied back to real-world impact. But RVUS per visit are a powerful lens into revenue integrity, provider behavior, and sustainability.

They help explain why a practice can be busier than ever and still feel financially tight. Net collection rate is another essential insight metric. Gross collections may look fine, but net collection tells you how much of what you've actually earned is being collected.

It accounts for contractual adjustments, denials, write-offs, and follow-up effectiveness. When net collection rates slip, revenue leakage is occurring, and that leakage compounds quietly over time.

Cash flow becomes inconsistent. Financial planning becomes harder. Stress increases. Practices often miss this because revenue is still coming in. There's no immediate crisis, but erosion is happening underneath the surface.

Cash flow predictability is where all of these metrics converge. Profitability and cash flow are not the same thing. A practice can be profitable on paper and still struggle to make payroll if timing is off.

Predictable cashflow allows for better decisions, calmer leadership, and long-term planning. Volatility in cash flow is often dismissed as temporary, but in many cases it's an early sign of deeper operational issues, billing delays, payer mix shifts, or misaligned expenses.

Healthy medical practices monitor cash flow trends closely, not just bank balances. One of the most revealing

questions we ask practices is this, could you absorb a shock?

What happens if a provider leaves abruptly, if volume dips for a few months, If a payer changes their terms, and a key staff member resigns? Sustainable practices bend without breaking.

Fragile practices scramble, or worse yet, crumble. This is where metrics stop being academic and start being practical. Sustainability isn't about perfection, it's about resilience.

Closing Thoughts and Next Steps

At Healthy Practices, we've worked with hundreds of medical practices across specialties and markets. One thing becomes very clear when you see that many organizations up close The practices that last are not the busiest ones, they're the ones with clarity.

They use metrics as decision tools, not scorecards. They look at trends, not just totals. they understand relationships between numbers instead of viewing them in isolation.

Our work with practices focuses on helping them move from reactive to intentional, from busy to sustainable. Metrics aren't about judgment, they're about insight.

If there's a takeaway from today's conversation, it's this. Activity can hide fragility. Busyness can feel good right up until it doesn't. True practice health is revealed by numbers that tell you where you're headed, not just where your been.

When you track the right metrics, sustainability stops being a vague goal and starts becoming a measurable outcome. Until next time. You can find more information online at medicalmoneymatterspodcast.com and you can sign up to be notified when enrollment opens for the Medical Money Matters eLearning program for a mini-MBA physician style, which will carry CME credits and will be released in upcoming months.

In that, we'll do an even deeper dive so you can understand dynamic budgeting strategies, cash flow forecasting, and other more esoteric financial concepts.

We've included those links in the show notes. As I like to close out these podcasts, congratulations on taking the next step in your professional development and for making the commitment to learn about the financial and business aspects of your practice.

I look forward to being on this journey with you and send you my heartfelt gratitude for all that you do for your patients all day, every day.